

EQUALIZATION OF SCHOOL CAPITAL**OUTLAY FUNDING**

2008 GENERAL SESSION

STATE OF UTAH

LONG TITLE**General Description:**

This bill amends provisions of the Public Education Capital Outlay Act relating to the Capital Outlay Foundation Program.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ increases the property tax rate a school district may impose to receive a distribution from the Capital Outlay Foundation Program from .0024 per dollar of taxable value to .0030 per dollar of taxable value;
- ▶ appropriates \$52,858,000 to the State Board of Education to be distributed in accordance with the Capital Outlay Foundation Program; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

This bill appropriates as an ongoing appropriation subject to future budget constraints, \$52,858,000 from the Uniform School Fund for fiscal year 2009-10, to the State Board of Education.

Other Special Clauses:

This bill takes effect on January 1, 2009.

Utah Code Sections Affected:**AMENDS:**

53A-21-103.5, as last amended by Laws of Utah 2005, Chapters 171 and 184

ENACTS:

53A-21-101.5, Utah Code Annotated 1953

REPEALS AND REENACTS:

53A-21-103, as last amended by Laws of Utah 2003, Chapter 320

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **53A-21-101.5** is enacted to read:

53A-21-101.5. Definitions.

As used in this chapter:

(1) "ADM" means the average daily membership of students.

(2) "Capital Outlay Foundation Program" means a program that provides a minimum dollar generation guarantee, per ADM, for a school district that levies a tax rate of .0030 per dollar of taxable value on real property.

(3) "Combined capital levy rate" means a rate that includes the sum of the following levies:

(a) capital outlay levy authorized in Section 53A-16-107;

(b) the portion of the 10% of basic levy described in Section 53A-17a-145 that is budgeted for debt service or capital outlay;

(c) debt service levy authorized in Section 11-14-310; and

(d) voted capital outlay leeway authorized in Section 53A-16-110.

(4) "Derived valuation" means total school district actual property tax current collections from April 1 through the following March 31, divided by the tax rates for the same year.

(5) "Foundation guarantee level per ADM" means a minimum amount per ADM that a school district's combined capital levy rate of .0030 per dollar of taxable value will generate including the following:

(a) the revenue generated by the school district's combined capital levy rate; and

(b) the revenue distributed to the school district in accordance with Section 53A-21-103.

(6) "Qualifying school district" means a school district with a yield per ADM less than the foundation guarantee level.

(7) "Yield per ADM" means:

(a) the product of:

(i) a school district's derived valuation; and

(ii) .0030; divided by

(b) the school district's prior year ADM.

Section 2. Section **53A-21-103** is repealed and reenacted to read:

53A-21-103. Qualifications for participation in the foundation program --

Distribution of monies -- Distribution formulas.

(1) For fiscal years beginning on or after July 1, 2008, the State Board of Education shall determine the foundation guarantee level per ADM that fully allocates the funds appropriated to the State Board of Education for distribution under this section.

(2) If a qualifying school district imposes a combined capital levy rate of at least .0030 per dollar of taxable value, the State Board of Education shall allocate to a qualifying school district an amount equal to product of the following:

(a) the qualifying school district's ADM; and

(b) an amount equal to the difference between the following:

(i) the foundation guarantee level per ADM for that fiscal year as determined in accordance with Subsection (1); and

(ii) a school district's yield per ADM.

(3) If a qualifying school district imposes a combined capital levy rate less than .0030 per dollar of taxable value, the State Board of Education shall allocate to a qualifying school district an amount equal to product of the following:

(a) the qualifying school district's ADM;

(b) an amount equal to the difference between the following:

(i) the foundation guarantee level per ADM for that fiscal year as determined in accordance with Subsection (1); and

(ii) a school district's yield per ADM; and

(c) a percentage equal to the school district's combined capital levy rate divided by .0030.

(4) If a change in a school district's certified tax rate, calculated in accordance with Section 59-2-924, is due to increases or decreases in the value of real property located within the school district, the amount of capital foundation funds the school district would otherwise be entitled to pursuant to this section may not be reduced as a consequence of the changes to the school district's certified tax rate for a period of two tax years from the effective date of any such change in the certified tax rate.

(5) The State Board of Education shall support the foundation program to assist a qualifying school district in reaching the foundation level.

(6) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the State Board of Education may make rules to administer this section.

Section 3. Section **53A-21-103.5** is amended to read:

53A-21-103.5. Qualifications for participation in the Enrollment Growth

Program -- State Board of Education rules -- Distribution formula.

~~[(1) As used in this section:]~~

~~[(a) "ADM" means average daily membership.]~~

~~[(b) "Derived valuation" means total school district property tax current collections from April 1 through the following March 31, divided by the tax rates for the same year.]~~

~~[(c) "Yield per ADM" means the product of the derived valuation multiplied by .0024, divided by average daily membership.]~~

~~[(2)(a)]~~ (1) The State Board of Education shall distribute monies in the Enrollment Growth Program to a qualifying school ~~[districts whose]~~ district that:

~~[(i)]~~ (a) has an average net increase in student enrollment ~~[for]~~ during the prior three years ~~[is a net increase in enrollment]~~ from the year in which money is requested pursuant to this section; and

~~[(ii)]~~ (b) has a yield per ADM that is less than two times the prior year's average yield per ADM for Utah school districts.

~~[(b)]~~ (2) A school district that meets the ~~[criteria]~~ requirements of Subsection ~~[(2)(a)]~~ (1) shall receive Enrollment Growth Program monies in the same proportion that the school district's three-year average net increased enrollment bears to the total three-year net increased enrollment of all the school districts that meet the ~~[criteria]~~ requirements of Subsection ~~[(2)(a)]~~ (1).

(3) A school district may use the funds received in accordance with this section for the following purposes:

(a) general obligation bond principal and interest costs;

(b) capital construction;

(c) facilities renovation; and

(d) other capital project needs as approved.

125 ~~[(c)]~~ (4) The State Board of Education ~~[shall]~~ may make rules in accordance with Title
126 63, Chapter 46a, Utah Administrative Rulemaking Act, to administer this section.

127 Section 4. **Appropriation.**

128 (1) As an ongoing appropriation subject to future budget constraints there is
129 appropriated \$52,858,000 from the Uniform School Fund for fiscal year 2009-10, to the State
130 Board of Education for capital outlay programs created in 53A-21-102.

131 (2) The State Board of Education shall distribute the monies described in Subsection
132 (1) in accordance with the Capital Outlay Foundation Program described in Section
133 53A-21-103.

134 Section 5. **Effective date.**

135 This bill takes effect on January 1, 2009.